

# Notices for assessment/reassessment of income of old cases

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Under the provisions of Income-tax Act, 1961 ('Act'), notices for assessment/reassessment of income of old cases of more than six years from the end of the relevant assessment year can be issued only in the following exceptional situations:

- i. Under clause (c) of sub-section (1) of section 149 of the Act, in cases where income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment, such cases can be reopened up to sixteen years from end of the relevant assessment year. Information regarding number of cases in which notices were issued under the said provision six years from the end of the relevant assessment year, as provided by the Directorate of System, is as under:

During Financial Years	No. of cases in which notices were issued beyond six years
2014-15	82
2015-16	17
2016-17	5
2017-18	7

- ii. In cases where tangible evidences are found during a search or seizure operation revealing that income exceeding rupees fifty lakh has escaped assessment, then assessment can be framed for an assessment year falling between the seventh upto the tenth assessment year. This provision was introduced vide Finance Act, 2017 and applies where search under section 132 of the Act is initiated or requisition under section 132A of the Act is made on or after 1st April, 2017.

Further, Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, which taxes the undisclosed foreign income and assets of earlier years in the year of issuing notice has been made applicable from 1st April, 2016.

If any specific instance of causing undue harassment to the assessee while invoking the above provisions is detected, the same is dealt with strictly by the Department.

The Act contains a specific chapter XIX-A consisting of section 245A to 245M, inserted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 01.04.1976 for 'SETTLEMENT OF CASES'. In this regard, Settlement Commission which is a quasi-judicial body, was set up under section 245B of the Act. The objective of setting up of Settlement Commission is to settle tax liabilities in complicated cases avoiding endless and prolonged litigation and consequential strain on investigational resources of Income-tax Department, subject to fulfilment of conditions prescribed therein.

Further, in recent years, Government had introduced following laws/schemes to deal with undisclosed income/asset:

- i. A one-time compliance window between the period 1st July, 2015 to 30th September, 2015, for disclosing any undeclared foreign asset acquired from income chargeable to tax under Income tax Act for any assessment year prior to 2016-17 was provided;
- ii. (ii) The Income Declaration Scheme, 2016 provided an opportunity to any person to make a declaration between the period 1st June, 2016 to 30th September, 2016, in respect of any income chargeable to tax under the Income tax Act for any assessment year prior to 2017-18;
- iii. (iii) Under Pradhan Mantri Garib Kalyan Yojana, 2016, between 17th December, 2016 till 31st March, 2016, a declarant could make a declaration in respect of any income, in the form of cash or deposit in an account maintained by the person with a specified entity, chargeable to tax under the Income tax Act for any assessment year prior to 2017-18.
- iv. (iv) Section 270AA of the Act, inserted by the Finance Act, 2016 w.e.f. 1st April, 2017, provides immunity from penalty under section 270A and initiation of prosecution proceedings under section 276C or 276CC, subject to fulfilment of conditions prescribed therein.

No instructions have been issued to the IT Department to open special counters to settle their cases by imposing minor penalties.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in a written reply to a question in Lok Sabha today.

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**DSM/RM/KA**

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